

# Consolidated Financial Results for the Three Months Ended May 31, 2023 [Japanese GAAP]



July 10, 2023

Company name: Belc CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 9974

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Scheduled date of filing quarterly securities report: July 12, 2023

Scheduled date of commencing dividend payments: –

Availability of supplementary explanatory materials on quarterly financial results: Not available

Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

## 1. Consolidated Financial Results for the Three Months Ended May 31, 2023 (March 1, 2023 – May 31, 2023)

(1) Consolidated Operating Results (Cumulative) (% indicates changes from the previous corresponding period.)

	Operating income		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended								
May 31, 2023	82,912	12.0	4,204	40.8	4,457	42.8	3,007	44.7
May 31, 2022	74,050	–	2,986	–	3,120	(12.1)	2,078	(13.5)

(Note) Comprehensive income: Three months ended May 31, 2023: ¥3,005 million [44.0%]

Three months ended May 31, 2022: ¥2,086 million [(13.5)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
May 31, 2023	144.12	–
May 31, 2022	99.59	–

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29) and other related accounting standards from the beginning of the fiscal year ended February 28, 2023. While the above consolidated operating results reflect the application of these accounting standards, changes from the previous corresponding period for operating income and operating profit for the three months ended May 31, 2022 are not provided as the figures for the previous fiscal year were prepared using a different accounting process.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2023	172,937	93,287	53.9
As of February 28, 2023	169,306	91,304	53.9

(Reference) Equity: As of May 31, 2023: ¥93,287 million

As of February 28, 2023: ¥91,304 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2023	–	45.00	–	49.00	94.00
Fiscal year ending February 29, 2024	–				
Fiscal year ending February 29, 2024 (Forecast)		47.00	–	47.00	94.00

(Note) Revision to the forecast for dividends announced most recently: None

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 29, 2024

(% indicates changes from the previous corresponding period.)

	Operating income		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	327,381	5.3	13,677	(2.4)	13,808	(3.4)	9,231	(4.0)	442.85

(Notes) Revision to the financial results forecast announced most recently: None

**\* Notes:**

- (1) Changes in significant subsidiaries during the period: None  
(Changes in specified subsidiaries resulting in changes in scope of consolidation)  
Newly included: –  
Excluded: –
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: None
  - 2) Changes in accounting policies other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None
- (4) Total number of issued and outstanding shares (common shares)
- 1) Total number of issued and outstanding shares at the end of the period (including treasury shares):

May 31, 2023:	20,867,800 shares
February 28, 2023:	20,867,800 shares
  - 2) Total number of treasury shares at the end of the period:

May 31, 2023:	22,619 shares
February 28, 2023:	22,587 shares
  - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year):

Three months ended May 31, 2023:	20,866,486 shares
Three months ended May 31, 2022:	20,866,513 shares

\* These quarterly consolidated financial results are outside the scope of quarterly reviews by certified public accountants or an audit firm.

\* Explanation of the proper use of financial results forecasts and other notes

The business outlook and other forward-looking statements in these materials are based on information currently available to the Company and certain assumptions that are deemed reasonable. Actual financial results, etc. may significantly vary from these forecasts due to various factors. For the assumptions used in the above financial results forecasts and other related matters, please refer to “1. Qualitative Information on Quarterly Financial Results for the Period under Review (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements” on page 3.

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## 1. Qualitative Information on Quarterly Financial Results for the Period under Review

### (1) Explanation of Operating Results

During the three months ended May 31, 2023, the Japanese economy experienced increased economic activity after the legal status of COVID-19 was downgraded. With the improving employment and income situation as well as support from various government policies, the economy is expected to recover modestly. However, the outlook remains uncertain, and due care must be taken with respect to the risk of a downturn in overseas economies triggered by the ongoing global monetary tightening and other factors.

In the retail industry, despite signs of recovery in consumer spending, conditions remain harsh as a global surge in energy prices has led to a rise in selling, general and administrative expenses, and soaring raw material prices have caused higher purchase prices for food products.

In this environment, the Belc Group (the “Group”) has worked to sell delicious and fresh products, emphasize our price appeal, and create stores that are supported and trusted by customers, led by our motto of “Better Quality & Lower Price,” so that we, as a supermarket, can provide members of local communities with richer lives.

Below is an overview of the main initiatives we have implemented.

As for our sales measures, we have enhanced point card sales promotion measures, improved competitiveness of our flier prices, and implemented product promotions on social media in an effort to give a wider-range of customers more incentives to visit our stores. In April, to commemorate the achievement of ¥300 billion in net sales, we launched a massive promotional campaign in which customers won big prizes. We have also been enhancing the convenience of our customers by continuously expanding the stores that support “Belc otodoke (delivery) pack,” our online grocery shopping service, and “smabelc,” a service that enables smart shopping and eases the lines at the check-out counters. Furthermore, we have pushed ahead with our efforts to provide shopping assistance to the elderly and other customers through increasing the availability of our mobile supermarket, “Tokushimaru.”

As for our product measures, we have further expanded our offering of products developed in-house, including our private label, “kurabelc (Belc for everyday life),” successively launching reasonably priced products that help improve people’s daily lives.

As for our store operations, we have used the Company’s greatest feature, our standardized corporate structure, as a foundation on which we have refined our labor scheduling program (LSP), appropriately allocated personnel, leveraged labor-saving equipment, and reviewed and improved the conventional work to promote efficient chain operations.

As for our store investments, we newly opened one store, Forte Hachioji Store in Hachioji City, Tokyo Prefecture in May 2023. In addition, we renovated two existing stores, expanded their deli and convenience food selections, and updated the facilities to provide more pleasant shopping environments. As a result, we operate 134 stores as of May 31, 2023.

As for our logistics system, through large-scale batch procurement of products from production sites and manufacturers, we have maintained sufficient level of inventory and improved our delivery efficiency leveraging our in-house logistics, with the aim of improving product price competitiveness while achieving more consistent product quality. We have also continued to review and revise our delivery system based on the work performed at stores, and to improve the efficiency of store operations.

Meanwhile, our consolidated subsidiary Home Delica Co., Ltd. has increased the production capacity and built a supply system for products that taste good, improving the efficiency of our stores. In addition, Joytech, Inc. strived to reinforce the Group’s service business by developing and supplying equipment, supplies, and sales materials and through its store cleaning service business.

As a result, operating income (net sales and operating revenue combined) for the three months ended May 31, 2023 was ¥82,912 million (112.0% of that of the same period of the previous fiscal year), operating profit was ¥4,204 million (140.8% of that of the same period of the previous fiscal year), ordinary profit was ¥4,457 million (142.8% of that of the same period of the previous fiscal year) and profit attributable to owners of parent was ¥3,007 million (144.7% of that of the same period of the previous fiscal year).

## (2) Explanation of Financial Position

### (Assets)

Total assets as of May 31, 2023 were ¥172,937 million, an increase of ¥3,630 million compared with the end of the previous fiscal year.

Current assets were ¥32,399 million, a decrease of ¥282 million compared with the end of the previous fiscal year, due mainly to a decrease of ¥1,955 million in accounts receivable - other, which was included in "Other."

Non-current assets were ¥140,537 million, an increase of ¥3,913 million compared with the end of the previous fiscal year, due mainly to increases of ¥1,833 million in land and ¥1,458 million in buildings and structures.

### (Liabilities)

Liabilities were ¥79,650 million, an increase of ¥1,647 million compared with the end of the previous fiscal year.

Current liabilities were ¥41,508 million, an increase of ¥3,213 million compared with the end of the previous fiscal year, due mainly to an increase of ¥2,104 million in accounts payable - trade.

Non-current liabilities were ¥38,142 million, a decrease of ¥1,566 million compared with the end of the previous fiscal year, due mainly to a decrease of ¥1,712 million in long-term borrowings.

### (Net assets)

Net assets were ¥93,287 million, an increase of ¥1,982 million compared with the end of the previous fiscal year, due mainly to an increase of ¥1,984 million in retained earnings.

## (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements

The Company has decided not to revise the financial results forecast for the fiscal year ending February 29, 2024 announced on April 13, 2023. Going forward, the Company will disclose any events that could significantly impact its business performance as soon as they occur.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of February 28, 2023	As of May 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	15,579	15,538
Accounts receivable - trade	4,148	5,540
Merchandise and finished goods	7,891	8,103
Raw materials and supplies	428	416
Other	4,634	2,800
Total current assets	32,682	32,399
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	69,945	71,404
Land	40,288	42,121
Other, net	8,654	8,825
Total property, plant and equipment	118,888	122,352
Intangible assets	1,646	1,695
Investments and other assets		
Retirement benefit asset	106	109
Deferred tax assets	2,612	2,867
Guarantee deposits	9,522	9,590
Other	3,903	3,979
Allowance for doubtful accounts	(55)	(56)
Total investments and other assets	16,089	16,489
Total non-current assets	136,624	140,537
Total assets	169,306	172,937

(Million yen)

	As of February 28, 2023	As of May 31, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	19,940	22,045
Current portion of bonds payable	428	428
Current portion of long-term borrowings	7,273	7,130
Lease liabilities	258	177
Income taxes payable	2,782	1,822
Contract liabilities	515	547
Provision for bonuses	1,193	2,077
Provision for bonuses for directors (and other officers)	91	20
Other	5,809	7,258
Total current liabilities	38,294	41,508
Non-current liabilities		
Bonds payable	2,571	2,571
Long-term borrowings	25,054	23,341
Lease liabilities	245	226
Provision for share awards for directors (and other officers)	27	36
Guarantee deposited	5,143	5,050
Asset retirement obligations	6,043	6,311
Other	622	603
Total non-current liabilities	39,708	38,142
Total liabilities	78,002	79,650
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,912	3,912
Capital surplus	4,102	4,102
Retained earnings	83,373	85,358
Treasury shares	(118)	(118)
Total shareholders' equity	91,270	93,254
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12	7
Remeasurements of defined benefit plans	21	24
Total accumulated other comprehensive income	34	32
Total net assets	91,304	93,287
Total liabilities and net assets	169,306	172,937



(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Three months ended May 31, 2022 and 2023

(Million yen)

	For the three months ended May 31, 2022	For the three months ended May 31, 2023
Net sales	72,770	81,517
Cost of sales	53,257	59,369
Gross profit	19,513	22,147
Operating revenue	1,279	1,394
Operating gross profit	20,793	23,542
Selling, general and administrative expenses	17,806	19,337
Operating profit	2,986	4,204
Non-operating income		
Interest income	10	9
Administrative service fee income	41	39
Penalty income from leaving tenants	–	2
Gain on adjustment of account payable	12	–
Subsidy income	55	183
Other	41	51
Total non-operating income	161	286
Non-operating expenses		
Interest expenses	21	28
Interest on bonds	–	2
Other	5	1
Total non-operating expenses	27	33
Ordinary profit	3,120	4,457
Extraordinary losses		
Loss on retirement of non-current assets	34	30
Total extraordinary losses	34	30
Profit before income taxes	3,086	4,426
Income taxes - current	1,217	1,673
Income taxes - deferred	(209)	(253)
Total income taxes	1,008	1,419
Profit	2,078	3,007
Profit attributable to owners of parent	2,078	3,007

Quarterly Consolidated Statements of Comprehensive Income

Three months ended May 31, 2022 and 2023

(Million yen)

	For the three months ended May 31, 2022	For the three months ended May 31, 2023
Profit	2,078	3,007
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	(5)
Remeasurements of defined benefit plans, net of tax	9	3
Total other comprehensive income	8	(1)
Comprehensive income	2,086	3,005
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,086	3,005
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.